

**THE MUNICIPAL EMPLOYEES' PENSION COMMISSION
ACTIVITY REPORT FOR THE YEAR ENDED DECEMBER 31, 2009**

1.0 INTRODUCTION

This report has been prepared on behalf of the Municipal Employees' Pension Commission (the Commission) to provide its stakeholders with a summary of activities undertaken by the Commission in 2009. The report provides a summary of activities by strategic goal as identified by the Commission in its *Strategic Business Plan 2009-2011*.

Areas that have been identified as key strategic goals include:

A. Customer Oriented Communications and Services: *Communication strategies support Plan member needs and the Plan's strategic objectives. Communications with employers is essential to effective Plan management. The delivery of pension services to Plan members is a priority of the Plan. The Commission is determined to identify, assess and, where appropriate, implement opportunities to add value to the services the Plan provides to its members.*

B. Financial Integrity of the Plan: *In order to meet the long-term needs of members and employers, sustainable pension products responsive to and valued by members, employers, unions and the sponsor must be maintained. This must be achieved in a way that considers the affordability and adequacy of the Plan's benefits and services. The decisions regarding Plan benefits and funding combined with investment returns are significant determinants of sustainability.*

C. Plan Governance: *Good governance is crucial to the long-term success of the Plan. Good governance requires appropriate control mechanisms that encourage good decision-making, proper and timely execution, and regular review and assessment. All parties, including members, employers and other stakeholders should understand their roles and responsibilities. The Commission has invested considerable effort in developing its governance practices and policies, and will continue to implement and maintain its governance program.*

D. Accountability: *Effective Plan management requires a strong focus on accountability, the basis of which is the establishment of measurable objectives, the monitoring of progress against these objectives, and the communication of the results to Plan stakeholders. The Plan and Commission operate with a high degree of openness and transparency to allow appropriate external scrutiny.*

2.0 COMMUNICATIONS AND SERVICES

Key Objectives and Accomplishments

- *Support member understanding of the Plan, including individual member benefits and responsibilities. Provide relevant, timely and accurate information which is easy to understand. Maintain an up-to-date suite of services that meet evolving member needs.*

Accomplishments

- As at November 30, 2009, 19 Retire*WithEase* retirement planning workshops had been held throughout Saskatchewan. Locations included Warman, Yorkton, Eston, North Battleford, La Ronge, Estevan, Regina, Saskatoon, Swift Current and Prince Albert. Approximately 250 members were in attendance at these sessions.
 - As at October 31, 2009, four plan overview presentations had been held for members with a total of 85 members in attendance. Locations included Prince Albert, Yorkton and Moose Jaw.
 - Retirement Information Consultants (RICs), employees of the Plan's administrator, met with Plan members to discuss the Plan, including individual member benefits and responsibilities. These meetings were held either through individual consultations or through group sessions.
 - MEPP Matters, a semi-annual member newsletter, was distributed in the spring and fall of 2009. Topics included the financial markets, MEPP's online retirement planner (*MORe*), the retirement Planning workshops (Retire*WithEase*), contribution rates, 2008 Actuarial Valuation, privacy and the Municipal Employees' Pension Commission.
 - The MEPP Member Booklets (General Member and Designated Member) were refreshed and combined. The new booklets were distributed to Plan members November 2009. An electronic version is available on the Plan's website.
 - *MORe*, MEPP's online retirement planner, launched on June 1, 2009. As at November 30, 2009, more than 1,440 individual members had accessed *MORe*. In addition there were 615 return visits.
 - The 2008 MEPP Member Statement was distributed to members in March 2009. The 2009 statement will utilize a refreshed format.
- *Support participating employers.*

Accomplishments

- An employer bulletin was developed and will be distributed on a quarterly basis to all participating employers. The first edition, Fall 2009, was distributed on August 31, 2009.
- The purpose of the Employer Remittance System is to offer a web-based application for employers to remit contribution data electronically to MEPP

administration. As at October 31, 2009, 108 employers, out of 718 participating employers, were set up and 95 had used the system.

- The Customer Focus Coordinator (CFC), an employee of the Administrator, is a primary contact between Plan members and participating employers. The CFC provides Plan information to members and employers and also provides information to assist employers in the area of Plan administration.
- As at November 30, 2009, the Commission's administrator held ten employer meetings, two presentations to employers and attended three trade shows throughout 2009. These sessions reached approximately 1100 members and participating employers.

3.0 FINANCIAL INTEGRITY

Key Objectives and Accomplishments

- *Maintain Plan funding that will be able to pay promised benefits in full as they come due while keeping contribution rates stable over the long term.*

Accomplishments

- The Commission contracted the services of a consultant to undertake a project to link the funding and investment policies of the Plan, which included an asset-liability study. Amendments to the Commission's Funding and Investment Policies are likely to occur as a result of the project.
- The Commission conducted an actuarial valuation of the Plan as of December 31, 2008. As of the valuation date the Plan shows a going-concern surplus of \$121.8 million and a solvency deficit of \$55.6 million. The Commission monitors that ongoing solvency of the Plan by conducting annual actuarial valuations.
- The Commission has taken action based on the December 31, 2008 valuation results. MEPP pensioners have been notified that they will not receive a pension increase in 2010. MEPP members and employers have been surveyed and notified that to maintain the long-term health of the plan there will be contribution rate increases in 2010 and 2011. This will ensure contributing members are paying the costs of the pensions they are earning.
- *Ensure Plan design includes benefits that meet the needs of all stakeholders.*

Accomplishments

- No activities

- *Identify, assess and manage the Plan's financial risks.*

Accomplishments

- The Commission's Investment Consultant provided quarterly reports on Performance Review and Investment Manager Evaluation. Fund managers provided the Commission with reports on their respective funds on a monthly or quarterly basis.
- The Commission reviewed and approved its Statement of Investment Policy and Procedures at its June 2009 meeting.
- PEBA presented the Commission's budget for 2009-2010 at its February meeting. The Commission approved the budget and received quarterly updates during 2009. To align the budget process with the Plan's fiscal year, PEBA presented the Commission's budget for 2010 at its October 2009 meeting. The Commission approved the budget.
- The Commission reviewed an inter-provincial comparison of pension administration costs for the December 31, 2008 year-end.

4.0 PLAN GOVERNANCE

Key Objectives and Accomplishments

- *The Commission demonstrates that it is a responsible fiduciary.*

Accomplishments

- The Commission reviewed and signed its Code of Conduct and Conflict of Interest Procedures at its September 2009 meeting.
- The Commission amended Section 9 of its Governance Manual to include the Duty of Care, Duty of Due Diligence and Duty of Loyalty as responsibilities of individual Commission members.
- Commission members continue to participate in the Commission's established education program. Throughout 2009, the following education events were attended by Commission members:
 - Various Canadian Pension and Benefit Institute (CPBI) presentations
 - International Foundation of Pensions, Benefits and Compensation – Advanced Trustee Management Standards Part I, Part II, Part III and Part IV
 - Hewitt Investment Basics presentation
 - Greystone Financial Markets session
 - PEBA Pension Information Session
 - CPBI Spring Forum and Education Event
 - Securities Lending

- The Commission received and discussed a summary of responses to the Commission Self-Assessment and Chair Assessment questionnaires. The Commission approved its Governance Self-Assessment for 2009. The Governance Self-Assessment for 2009 is available on the Plan's website.
- *Ensure the Plan's business model, including roles and responsibilities of both the Commission and the contracted service providers, is consistent with the Plan's strategy and operations.*

Accomplishments

- The Commission's administrator provided a review of the Commission's Actuary, Fund Custodian and Investment Consultant. All received satisfactory evaluations.
- The Commission received quarterly administration reports from PEBA. These included service standard performance reporting.
- The Commission approved various amendments and additions to its Policy Manual and Governance Manual. These included the addition of rules and procedures for acting on information.
- The Commission received confirmation that its service providers maintain a business continuance plan and abide by a Conflict of Interest policy.
- A governance audit began late 2009 and will conclude early 2010.

5.0 ACCOUNTABILITY

Key Objectives and Accomplishments

- *Understand stakeholder and member information requirements and provide them with information regarding the Plan's strategy, operations, and values.*

Accomplishments

- The Commission developed and approved its Strategic Business Plan for the period 2009 – 2011 at its June 2009 meeting. The Commission receives regular updates in regard to the progress toward implementation and completion of the strategic initiatives.
- The Annual Report for the year ended December 31, 2008 was tabled on April 27, 2009 and is available to all stakeholders on the Plan's website. The Annual Report includes commentary regarding strategic initiatives, accomplishments and plans.
- The Governance Self-Assessment Questionnaire for 2009 is available on the Plan's website for all stakeholders to access.

- The Commission reviewed and approved its 2009 Risk Management Plan. The results of the 2009 Risk Management Review will be included in the 2009 Annual Report.
- *Provide relevant and timely reporting on the performance of the Plan, the Commission and service providers.*

Accomplishment

- The Annual Report for the year ended December 31, 2008 was tabled on April 27, 2009 and is available to all stakeholders on the Plan's website. The Annual Report includes commentary regarding strategic initiatives, accomplishments and plans.